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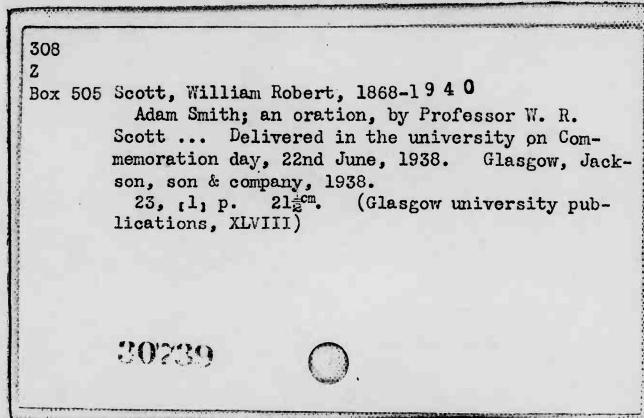
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# ADAM SMITH

## An Oration

by

PROFESSOR W. R. SCOTT

D.PHIL.; LITT.D.; LL.D.; F.B.A.

*Delivered in the University  
on Commemoration Day,  
22nd June, 1938*

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### ADAM SMITH

THE present Session contains two anniversaries relating to Adam Smith. Each is intimately connected with the University.

He matriculated here on 14th November, 1737, being fourteen years of age. Beginning his course in the Logic Class, at the end of his first Session he had to establish his competence to proceed to the study of Moral Philosophy. As will appear in a moment this was a most important event in his life. In the early part of the nineteenth century this examination, in which the candidate was seated in the celebrated Black Stone chair, was held early in October. Unfortunately very little is known of the day-to-day life of the University in the second quarter of the eighteenth century. The Session at that period ended on 10th June, and there is ground for thinking that the Black Stone examination then took place in the last few days. If this was so, the first official meeting between Francis Hutcheson and Adam Smith occurred in the month of June two hundred years ago.

Of the two bicentenaries which we commemorate to-day, namely Adam Smith's matriculation and his coming under the influence of Francis Hutcheson, the second is the more important. While his entering the University opened to him the reconstruction of Greek Geometry, which was being effected by Simson, and the accomplished scholarship of Dunlop, it was to Hutcheson that he was chiefly indebted—

and that for reasons which have not, as yet, been appreciated. When in 1787 Adam Smith thanked the University for his election as Lord Rector by the votes of all four nations, he took occasion to describe Hutcheson as "the never to be forgotten". Hitherto this epithet has been taken to be a graceful tribute to his former Professor whose memory he recalled after almost fifty years. There is, however, very much more implied. It was undoubtedly Hutcheson who first directed the attention of the young Adam Smith to the importance of Division of Labour which became one of the foundations of his economic system. A recent event has extended in another direction our knowledge of this relationship. It may be premised that, although Adam Smith gradually formed a comparatively large library, he scarcely ever wrote anything on the margins of the pages or on the endpapers of his books. There are very few exceptions, and all, that are known, are included in the remarkable collection of memorials of Adam Smith which is owned by the University. The study of Grotius was a tradition in Hutcheson's teaching of Moral Philosophy. About four years ago when the Library staff was examining a number of duplicate copies of this author, which had formed part of the old Moral Philosophy Class Library, one was found in which Adam Smith had, very improperly, written his name. If "mutilation" of a library book can ever be justified, this one might almost be said to be praiseworthy; for it establishes the fact that, when he was about fifteen, he was reading Grotius. The sequel came twenty-one

years later. In the interval Adam Smith had been to Balliol, he had lectured at Edinburgh, while in this University, after a year's tenure of the Chair of Logic, he was Professor of Moral Philosophy. In 1759 he published his *Theory of Moral Sentiments* at the end of which he described the scope of another book he was contemplating. It was intended to deal with what he called "Jurisprudence", but was, in reality, to be a work on the Philosophy of Law. In it there was to be a large body of economic material, as is shown by the copy of a student's notes of his lectures which represented the form which the proposed book had reached some three years later. The lectures were discovered in 1895 and were published the next year under the title of the *Glasgow Lectures*. In the description of the book on which he was engaged, he alludes to Grotius, but in a manner which shows that at this time he had gone beyond him. Indeed, if these few sentences be studied closely, it will be seen that there is implied in them his characteristic doctrine of freedom of enterprise and Free Trade. These principles gave Adam Smith a commanding influence for about a century and a half. In the confusions of the present time there are numerous countries throughout the world in which Liberty—political, social and economic—seems to be passing from partial towards total eclipse. Even in Britain there are strange voices which in strident tones describe it as a mere "old fashioned notion". Yet, if the world is to recover from its sickness—in a pessimistic mood one might say its madness—there must be a return to the essential spirit, rather than to

the letter, of Adam Smith's teaching, which will then be more prized, even than before, because that spirit will have been discovered anew. A significant instance of this was his powerful advocacy of international peace. It is true that some passages in his works, when isolated from their context, seem rather to suggest that he was a supporter of militarism.<sup>1</sup> Did he not write that the art of war "is certainly the noblest of all arts" and that "defence is of much more importance than opulence"? Despite these and a few similar expressions, while he held the view that a country must be prepared to defend itself, he maintained that everything should be done to foster goodwill and co-operation amongst the countries of the world. He urged this from two main directions, first by showing that over-expenditure on armaments or war may ruin a nation, though the resulting bankruptcy may be disguised by manipulation of the currency. From a wider point of view, as Hechscher has shown, he changed the centre of gravity of the power politics of his time which regarded the whole military and economic power of the State as an end in itself. To Adam Smith, on the contrary, power was incidental to co-operation amongst the nations. Behind these views there was the fact that Adam Smith's contemporaries accepted national antagonisms as inevitable: whereas his work was

<sup>1</sup> That Adam Smith became an honorary Captain of Trained Bands of Edinburgh in 1781 is not very relevant. This appears to have been an office the chief duty being *not* to attend the meetings of the Company, since the penalty for absence was a fine of eight magnum of claret.

directed towards the removal of friction and the growth of friendliness.<sup>2</sup>

Returning to the lectures which Adam Smith gave in this University, it may be added that students of the history of Law will search in vain for a work on Jurisprudence by the author of *The Wealth of Nations*. Beyond what is recorded in the *Glasgow Lectures* nothing now remains of the legal part of the proposed treatise.<sup>2</sup> Through various circumstances about 1763—the last year Adam Smith was here—he decided to concentrate on the economic portion of the work he had planned. In this way a draft of what became *The Wealth of Nations* was prepared, and his friends were expecting publication soon after 1764. In that year, however, he resigned his Professorship in order to act as tutor to the young Duke of Buccleuch, whom he accompanied on a journey through France and Switzerland. At Paris he came in contact with the Physiocrats, a group of French

<sup>1</sup> Thus, in condemning the Mercantilists' conception of the "balance of trade", he wrote "Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. . . . The very same circumstances which would have rendered an open and free commerce between two countries so advantageous to both have occasioned the principal obstructions of that commerce. Being neighbours, they are necessarily enemies, and the wealth and power of each becomes, upon that account, more formidable to the other; and what would increase the advantage of national friendship, serves only to inflame the violence of national animosity".

<sup>2</sup> He retained the desire to write it till the end of his life, see Appendix I.

thinkers whose enquiries into economic conditions had yielded results akin to his own. On returning home he resumed work on his manuscript, first at Kirkcaldy and later in London. At length in 1776—twelve years after he had left Glasgow—*The Wealth of Nations* was published. It is one of the romances of literary discovery that the manuscript of the original draft (the existence of which was unknown, and even unsuspected) was found only three years ago and printed last year. It cannot fail to be a matter of pride to members of the University that *The Wealth of Nations*, in an early form, was delivered as lectures to the Moral Philosophy class, that the manuscript was written in one of the Professors' houses which overlooked the Great Garden of the Old College and that many of the paragraphs of this draft were repeated in the work, when printed.

Of a number of influences which affected Adam Smith's thought, the chief were Grotius and the Naturalism of the Eighteenth Century. The latter came to him from many directions, from Britain, France and Italy. The making of these influences effective may fairly be attributed to the works of Gershom Carmichael, Professor of Moral Philosophy till 1730, and the personal magnetism of Francis Hutcheson. Yet when full weight is given to the hints of these and other predecessors, there remains the originality of Adam Smith's own genius which enabled him to discover and to map out a whole new science. It is this which makes the study of that genius one of peculiar fascination. Much could be said of it. For a brief and summary description it is

enough to take *The Theory of Moral Sentiments* as the best commentary on *The Wealth of Nations*. In the earlier book Adam Smith generalised characteristics which he found in himself. One of the weaknesses of his Ethics is that he assumed qualities, which he possessed to a most remarkable degree, were to be found to a similar extent in everyone. On the other hand, when he turned to Economics, these qualities, instead of being a universal moral criterion, became an instrument of research. As a Moral Philosopher he insisted in crediting everyone with his own genius<sup>1</sup>: as an Economist all he had to do was to use it.

Since his Ethical theory is now almost forgotten, it may be recalled that one of its chief characteristics was the stress laid upon "sympathy", this term being used in a somewhat special sense. In one of the very few short descriptions of his theory, he explains "we either approve or disapprove of the conduct of another man, according as we feel that, when we bring his case home to ourselves, we either can or cannot entirely sympathize with the sentiments and motives which directed it". In the case of our own conduct we are to test it "as we imagine any fair and impartial spectator would examine it". It is clear that the initial step in this process is "the

<sup>1</sup> Adam Smith was quite serious in holding this opinion. He has a long passage in the *Draft of the Wealth of Nations* in which he argues that "the difference of natural talents in different men is perhaps much less than we are aware of". In particular he says "the vanity of the Philosopher is scarce willing to acknowledge any resemblance between himself and a common porter".—Scott, *Adam Smith as Student and Professor*, pp. 341-2.

bringing home to ourselves" the motives and the situation of another person. Such an imaginative transposition was natural to Adam Smith. He was so constituted that all those spiritual and emotional filaments, which unite people, were developed in him to a supreme degree. Such an imaginative transposition requires "the bringing home to oneself every little circumstance in the situation of another". In the reading of history, he says, "we become the very person who is represented to us." In several places he gives vivid descriptions of how his mind worked in this process. "My imagination", he writes, "most readily assumes the shape and configuration of those with whom I am familiar." Further, not only are all the circumstances imagined, but he describes how, on hearing of his friend's loss of an only son, "I consider how I should suffer if I was really you; and I not only change circumstances with you, but I change persons and characters."

To expect each moral agent to be able "to change persons and characters" with all those with whom he comes in contact is asking too much of the plain man. Still the weakness of Adam Smith's Ethics became the strength of his Economics. In the latter his remarkable power of imaginative transposition enabled him to enter into the thoughts, the desires, even the doubts and the hesitations of the great variety of participants in industry. By this power he could not only transpose himself into the life of each person but in some mysterious way could perceive and even feel each motive as the actual person experienced it. It is to this faculty that we owe the

succession of inimitable vignettes in *The Wealth of Nations* which picture the world's work as seen from the inside, and which help to make this book an acknowledged literary classic.

Though Adam Smith was a scholar, it was not so much his learning as his imagination which made him the master of descriptive Economics which he undoubtedly was. But he was greater—far greater than that. Consider for a moment the implications of the Impartial Spectator as applied to Economics. This conception involves the high ideal of scientific disinterestedness. It is fortunate for the world that this has now become a commonplace. Before Adam Smith no one had applied this principle in such a comprehensive manner to economic life. He did this, and so justly earned the title of "Father of Political Economy".

Another aspect of the regulative idea of the Impartial Spectator is that it limits what might otherwise have resulted from Adam Smith's insistence on sympathy. While he was interpretative in the highest degree, he had too great integrity of mind to think that sympathy means condoning anything or everything. On the contrary he was biting in condemnation when censure was merited. He quotes Swift's saying that the Customs constitute a strange world in which "two and two, instead of making four, make sometimes only one". He tells of the great Scottish landlords, who permit a large part of their estates to remain unimproved, "without thinking themselves answerable to God, their country or their posterity for so shameful, as well as so foolish a neglect," of the "highest impertinence of govern-

ments in pretending to supervise the expenditure of private persons " when " they are themselves always, and without any exceptions, the greatest spend-thrifts ", of the " mean expedients " of the mercantile system, of " that insidious and crafty animal ", the politician, of some Professors " who talk nonsense, or what is little better ".

Besides seeing economic life as each of those engaged in it saw it and relating all these impressions to the general good, there is another outstanding characteristic of Adam Smith's work, namely his prescience. The principles which he established were so comprehensive that they applied, not only to his own time, but to future generations. There is a remarkable instance of this. All the fundamental principles of his system were established before the great changes of the Industrial Revolution which followed the invention of the steam-engine. We know now that the paragraphs in which he described the conditions and consequences of invention were written before Watt perfected his earliest discovery. Yet every economist, who lectures or writes on the machine-age, even at the present day, cannot do better than begin with what Adam Smith wrote about the essential nature of the Division of Labour, in which he anticipated the principles which determined this remarkable change.<sup>1</sup>

There remains something to be said in conclusion. Adam Smith's successors cannot escape a sense of very deep humility when they reflect on his penetration, his interpretative power and his balanced judge-

<sup>1</sup> See further Appendix II.

ment. During the period of over one hundred and sixty years which have elapsed since the publication of *The Wealth of Nations* certain aspects of his work have been developed, some of them greatly, but not infrequently to the minimising of the remainder. Those who followed him in the early nineteenth century revelled in the broad vista of a new science which he had opened to them. In cultivating the specially scientific side of his work, they lost much of his charity and his wide humanity. To Adam Smith " the economic man " would have seemed an inhuman monstrosity—the Frankenstein of the Classical School. A later trend has been in the reverse direction. British " fair play " and an aroused social conscience have revived Adam Smith's sympathy to all those whom life seems to have treated hardly. When such circumstances are being considered, on his principles we should assure ourselves that the sympathy is that of an Impartial Spectator. He asks us not only to sympathise, but also to judge impartially; and before judging, to penetrate into the circumstances, and even the mind and the heart, of those whose cases are reviewed. Thus it is the spirit, rather than the letter, of Adam Smith's teaching which is of supreme importance. It is a standing rebuke both to extreme economic Nationalism and to economic sentimentalism. Further it is a warning against all methods of enquiry which, in straining after an apparent scientific rigour, divest man of his essential humanity. While the former must be cultivated, the latter cannot be ignored.

haps the most compleat work that has yet been given on this subject."

It is now known<sup>1</sup> that, beginning with the Edinburgh period (1748-51), he had been studying Jurisprudence, and so he continues, "I shall in another discourse endeavour to give an account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, not only in what concerns justice but in what concerns police, revenue, and arms, and whatever else is the object of law." Though additions had been made to the *Theory*, so that it grew to almost double its original size, no alteration was made in these passages beyond the modernisation of the spelling of two words. While from time to time Adam Smith began various studies, such as the History of Astronomy, of Ancient Physics, of Ancient Logic and Metaphysics, an essay on the Imitative Arts, another on the Affinity between Music, Dancing and Poetry, a third on English and Italian Verses, and a fourth on the External Senses, which were published by his literary executors in 1795 under the title of *Essays on Philosophical Subjects*, even to the end he retained a hope, which became more faint as time went on, that he might be able to deal with his proposed work on the Philosophy of Law. In the preface to the sixth edition of the *Theory* (which appeared in 1790 a few months before his death) he explained his reasons. "In the last paragraph of the first edition of the present work I said that I should in

<sup>1</sup> Scott, *Adam Smith as Student and Professor*, 1937, pp. 53-9.

## APPENDIX I

### ADAM SMITH'S STUDY OF JURISPRUDENCE.

At the end of the first edition of *The Theory of Moral Sentiments* (1759) Adam Smith outlined the programme of work which he had in view. After discussing Ethics and Jurisprudence as subdivisions of Moral Philosophy, he had continued with an investigation of Casuistry, as a result of which he decided that "the two useful parts of Moral Philosophy, therefore, are Ethics and Jurisprudence; Casuistry ought to be rejected altogether". He had just finished his treatment of Ethics, and he gives the following reasons why he intended to go on to Jurisprudence. "It might have been expected that the reasoning of lawyers upon the different imperfections and improvements of the laws of different countries should have given occasion to an enquiry into what were the natural rules of justice, independent of all positive institution.... It was very late in the world before any such system was thought of, or before the philosophy of law was treated of by itself, and without regard to the particular institutions of any one nation.... Grotius seems to have been the first who attempted to give the world anything like a system of those principles which ought to run thro', and be the foundation of the laws of all nations; and his treatise of the laws of war and peace, with all its imperfections, is per-

another discourse endeavour to give an account of the general principles of law and government and of the different revolutions they had undergone in the different ages and periods of society; not only in what concerns justice, but in what concerns police, revenue, and arms and whatever else is the object of law. In the *Enquiry concerning the Nature and Causes of the Wealth of Nations* I have partly executed this promise, at least so far as concerns police, revenue and arms. What remains, the theory of jurisprudence, which I have long projected, I have been hindered from executing, by the same occupations which had till now prevented me from revising the present work. Though my very advanced age<sup>1</sup> leaves me, I acknowledge, very little expectation of ever being able to execute this great work to my own satisfaction, yet I have not altogether abandoned the design, and as I wish still to continue under the obligation of doing what I can, I have allowed the paragraph to remain as it was published more than thirty years ago, when I entertained no doubt of being able to execute everything which it announced."

<sup>1</sup> Adam Smith was sixty-six when he made the additions for this edition, but the state of his health had been causing anxiety for some years before this time. William Playfair, who edited *The Wealth of Nations* in 1805, met Adam Smith in London in 1787 and found him "evidently going rapidly into decay".

## APPENDIX II

### ANTICIPATION OF THE FRENCH REVOLUTION.

Some writers charge Adam Smith with a failure in prescience through his not having anticipated the French Revolution. On the other hand William Playfair, whose edition of *The Wealth of Nations* appeared in 1805, devotes much space to exonerating Adam Smith from any responsibility for having contributed towards a preparation for the Revolution through his writings. The first view has some relevance to what has been said as to his powers of prevision. This seems to be a case of the danger of the argument *a silentio*. The plan of *The Wealth of Nations* did not require a reference to the development of events in France and thus there was no reason to make any definite forecast about them. There is reason to believe that Adam Smith was not ignorant as to the way in which the situation was likely to develop. It has been shown elsewhere (*Economic History Review*, VI, pp. 79-89) that Charles Townshend, who had appointed Adam Smith as travelling tutor to the Duke of Buccleuch, had arranged to begin a book on the Sinking Fund in which Adam Smith was to collaborate with him. It was for this purpose that Adam Smith collected manuscript memoirs on French finance. There are preserved at Dalkeith House several letters of Townshend to the Duke of Buccleuch which were written

while the latter was in France. There are also references to letters to Adam Smith, but these have not been found. In one of the former, dated 22nd April? 1765, Townshend writes, "In your course of study I shall leave you to Mr. Smith and shall not interpose further than to desire you will anatomise the monarchy of France, view it in its feudal state, examine the views, measures and effects of Louis the 11th, when the monarchy established itself upon the ruin of the feudal barons; the commencement of Commerce under Mons. Colbert (for neither Sully nor Richelieu had the slightest idea of Commerce) and his regulations, the grounds and consequences; the rapid progress of their trade during the reign of ours during the reign of Charles the 2nd and James the 2nd, its real state since, and, above all, try to explain to yourself by this investigation, whence it has happened that this invidious and vast Monarchy, so enormous in its extent at the completion, as it would seem, of its ambitious plan, renowned in arms, formidable in Navy and flourishing in Commerce, should have been found, in the last minute of decisive trial, a monster in size and proportion, weak from that very size, and by some secret error in its formation or invisible deformity in its condition the most incapable power by land and sea that modern times have exhibited."

Townshend had been Secretary at War not long before and he became Paymaster of the Forces later in the year this letter was written, so that his attention is directed to the position of France in war. It is to be expected that a mind so acute as that of Adam

Smith, in following out the enquiry suggested, would probe deeper for "invisible deformity" in the political and social structure of France. There are hints in *The Wealth of Nations* that he had seen dangerous weaknesses. He tells of the "enormous abuses" in the administration of the local and provincial revenue. That of the intendants "is frequently most cruel and oppressive", the corvées "make one of the principal instruments of tyranny by which these officers chastise any parish or communeauté which has had the misfortune to fall under their displeasure" (Cannan, ii, p. 222). When he arrived at Toulouse he heard of the protest of the local Parlement in 1756, when it was stated that as a result of the corvée the condition of the peasantry was "a thousand times less tolerable than the condition of the slaves in America". At the time of his visit to Toulouse the city was greatly excited through the Calas case which was introduced into *The Theory of Moral Sentiments* in the last revision of it. These circumstances give point to the references to arbitrary treatment of the Parlements which occur in a discussion on the relation of Church and State in *The Wealth of Nations*. He refers to "the violence which the French government usually employed in order to oblige all their parliaments, or sovereign courts of justice, to enregister any improper edict. . . . The means commonly employed, however, the imprisonment of all the refractory members<sup>1</sup> one would think were forcible enough. The princes of the

<sup>1</sup> As had happened at Toulouse just at the time of Adam Smith's arrival there.

house of Stewart sometimes employed the like means to influence some of the members of the parliament of England and they generally found them equally intractable" (Cannan, ii, p. 284). The aposeopesis is most significant.

One is inclined to wonder why Adam Smith did not take the opportunity, afforded by the issue of new editions of his book, to add something on the state of affairs in France, as these had deteriorated since the last revision of his manuscript. That it would have been welcomed by his public is shown by a letter of Robert Burns to Graham of Fintry, written on 13th May, 1789, in which he says "I would covet much to have his ideas respecting some quarters of the world that are, or have been the scenes of considerable revolutions since his book was written". This wish was expressed almost on the eve of the outbreak of the Revolution. In the fifth edition (which was published in this year) there had been no additions, a remark which applies to the fourth which appeared in 1786. On the other hand, the new matter, incorporated in the third edition, was considerable. This had been in preparation from before 1782, and was published separately, being introduced into the text in 1784. While no change was made in the references to France, it is clear that the matter was in the mind of Adam Smith; for in that year he was visited by Faujas de Saint-Fond. On the day that he introduced the French scientist to a strange entertainment by taking him to hear "the uncouth and extraordinary wild music" resulting from a contest amongst pipers, he remarked that

Rousseau's *Contrat Social* will in time avenge him for all the persecutions he has suffered (Sir A. Geikie ed., *Journey through England and Scotland by F. de Saint-Fond*, ii, pp. 246-253).

It may well be that there was reference to this topic in letters of Adam Smith which are no longer available. Confirmation of this conjecture is afforded by one, relating to America, which has recently been acquired by the Henry E. Huntington Library of California and which has been reproduced by Professor Maverick for the Pacific Coast Economic Association. It was written from Kirkcaldy on 3rd June, 1776, a month before the Declaration of Independence. In it Adam Smith writes—"the American campaign has begun awkwardly. I hope, I cannot say that I expect, it will end better. England tho' in the present times it breeds men of great professional abilities in all different ways, great Lawyers, great watchmakers, and great Clockmakers etc. etc., seems to breed neither Statesmen nor Generals." In this case the future event was anticipated, and one of the chief causes, which produced it indicated.

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